

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BUDAPE 02670 060715Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /036 W  
-----028487 061339Z /50

R 051034Z JUL 78

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1870

LIMITED OFFICIAL USE BUDAPEST 2670

E.O. 11652: NA

TAGS: EAIR HU

SUBJECT: CIVAIR - WORLD AIRWAYS CHARTER FLIGHTS

REF: (A) STATE 155296 (B) BUDAPEST 2426 (C) BUDAPEST 2560  
(D) STATE 136681

1. DCM DELIVERED DIPLOMATIC NOTE STATING U.S. POSITION ON  
NON-OBJECT FEES TO BARTHA OF MFA ON JULY 3. BARTHA READ  
THE NOTE CAREFULLY AND AGREED TO PASS IT ON TO THE MINISTRY  
OF TRANSPORTATION WITH A REQUEST FROM THE MFA THAT THE MAT-  
TER BE RESOLVED IF POSSIBLE.

2. DCM OUTLINED TO BARTHA THE U.S. POSITION AND DISSATIS-  
FACTION WITH HUNGARIAN PERFORMANCE ON BOTH ISSUES OF NON-  
OBJECTION FEES AND MALEV TREATMENT OF PANAM IN TICKET SALES.  
HE POINTED OUT TO BARTHA THAT IT WOULD BE GOOD IF SOME PRO-  
GRESS COULD BE MADE ON THE RESOLUTION OF THESE ISSUES BEFORE  
THE AIR AGREEMENT COMES UP FOR RENEWAL SO THAT CIVIL AVIA-  
TION MATTERS DO NOT BECOME MORE OF A CONTENTIOUS ELEMENT IN  
BILATERAL RELATIONS. HE AND BARTHA AGREED THAT THE EMBASSY  
SHOULD CONTINUE ITS DIALOGUE WITH THE HUNGARIAN CIVIL  
AVIATION AUTHORITY ON THESE TWO POINTS. ON TICKET  
SALES, BARTHA SAID THAT THE U.S. SHOULD NOT PRESS  
THE HUNGARIANS TO PERMIT SALES FOR FORINTS WHEN OTHER  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUDAPE 02670 060715Z

CEMA COUNTRIES DO NOT PERMIT SUCH SALES. DCM  
RESPONDED THAT PANAM IS PERMITTED SALES FOR LOCAL CUR-  
RENCY (EVEN THOUGH WITH SOME LIMITATIONS) IN BOTH  
PRAGUE AND WARSAW. BARTHA SAID THIS WAS VERY USEFUL  
INFORMATION WHICH HE WOULD COMMUNICATE TO THE MINISTRY  
OF TRANSPORTATION. HE ADDED THAT IN TRANSMITTING THE  
EMBASSY NOTE TO THE TRANSPORTATION MINISTRY, THE MFA

WILL EXPRESS A HOPE THAT BOTH THE NON-OBJECTION FEES ISSUE  
AND THE QUESTION OF TICKET SALES CAN BE RESOLVED.

3. TEXT OF U.S. NOTE FOLLOWS: QUOTE

(COMPLIMENTARY OPENING) AND HAS THE HONOR TO REFER  
TO THE WORLD AIRWAYS APPLICATION FOR TRAFFIC RIGHTS FOR CHARTER  
FLIGHTS BETWEEN HUNGARY AND THE UNITED STATES AND THE NON-OBJECTION  
FEES IMPOSED BY MALEV, THE AIRLINE OF THE HUNGARIAN PEOPLE'S  
REPUBLIC, ON SUCH FLIGHTS.

IMPOSITION OF A NON-OBJECTION FEE AS A CONDITION FOR OBTAINING  
TRAFFIC RIGHTS BY UNITED STATES CHARTER CARRIERS IS VIEWED BY  
THE GOVERNMENT OF THE UNITED STATES AS A MATTER OF CONCERN.  
IT IS THE VIEW OF THE UNITED STATES THAT NON-OBJECTION FEES  
HAVE NO ECONOMIC JUSTIFICATION. RATHER, THEY CONSTITUTE A  
DELEGATION OF THE POWER OF TAXATION THROUGH THE DELEGATION TO A  
COMMERCIAL ENTERPRISE OF THE STATE'S SOLE RIGHT TO GRANT OR  
DENY LANDING RIGHTS.

WHILE THE UNITED STATES- HUNGARIAN AIR TRANSPORT AGREEMENT  
DOES NOT SPECIFICALLY TREAT NON-SCHEDULED AIRLINE SERVICES,  
THE GOVERNMENT OF THE UNITED STATES WOULD NORMALLY EXPECT THAT  
THE OBJECTIVE PROFESSED IN THE PREAMBLE OF THE AGREEMENT OF  
PROMOTING AIR TRANSPORT RELATIONS BETWEEN THE UNITED STATES AND  
HUNGARY AS A MEANS OF FOSTERING ". . . FRIENDLY UNDERSTANDING  
AND GOODWILL AMONG PEOPLES . . . " WOULD APPLY TO NON-SCHEDULED  
SERVICES. THE GOVERNMENT OF THE UNITED STATES DOES NOT REGARD  
THE IMPOSITION OF NON-OBJECTION FEES ON NON-SCHEDULED FLIGHTS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUDAPE 02670 060715Z

OF U.S. CARRIERS AS A CONDITION FOR TRAFFIC RIGHTS AS FURTHERING  
THIS OBJECTIVE. NOR, IN THE EMBASSY'S OPINION, DOES IT ACCORD  
WITH THE INTENTION OF OUR TWO GOVERNMENTS, AS EXPRESSED IN THE  
HELSINKI FINAL ACT, TO ENCOURAGE INCREASED TOURISM.

THE EMBASSY OF THE UNITED STATES FURTHER NOTES THAT MOST OF  
THE PASSENGERS CARRIED ON NON-SCHEDULED AIRLINES SUCH AS WORLD  
AIRWAYS ARE TOURISTS. THESE TRAVELERS ARE TO A LARGE EXTENT  
ADDITIONAL VISITORS WHO HAVE CHOSEN TO VISIT HUNGARY BECAUSE  
OF THE MARKETING EFFORTS AND ATTRACTIVE TERMS OF THE AIR CARRIER  
AND ASSOCIATED TRAVEL AGENTS. THEY ARE NOT PREDOMINANTLY  
PASSENGERS DRAWN AWAY FROM AIRLINES WITH SCHEDULED SERVICES.  
THE GOVERNMENT OF THE UNITED STATES BELIEVES THAT THE CONTINUED  
IMPOSITION OF NON-OBJECTION FEES MAY CAUSE UNITED STATES AIR-  
LINES TO REDIRECT THEIR COMMERCIAL EFFORTS TO OTHER TOURIST  
DESTINATIONS, THUS DEPRIVING HUNGARY OF ADDITIONAL TOURIST  
TRAFFIC AND REVENUES. ALSO, ANY CONSIDERATION OF AN APPLICATION  
BY THE AIRLINE OF HUNGARY FOR LANDING RIGHTS IN THE UNITED  
STATES WILL BE BASED ON THE PRINCIPLE OF COMITY AND RECIPROCITY  
AND THE IMPOSITION OF NON-OBJECTION FEES BY MALEV WILL WEIGH  
AGAINST A LIBERAL GRANT OF CHARTER RIGHTS TO THAT AIRLINE.

IN VIEW OF THESE CONSIDERATIONS, THE EMBASSY OF THE UNITED  
STATES REQUESTS THE GOVERNMENT OF HUNGARY TO RECONSIDER ITS

POSITION ON THE IMPOSITION OF NON-OBJECTION FEES.

(COMPLIMENTARY CLOSE) UNQUOTE.

4. COMMENT: EMBASSY INTENDS TO PURSUE BOTH THE QUESTION OF NON-OBJECTION FEES AND MALEV'S GENERAL TREATMENT OF PANAM, INCLUDING TICKET SALES WITH THE CIVIL AVIATION AUTHORITY AND MALEV. WE CANNOT HOLD OUT MUCH HOPE FOR EARLY RESOLUTION OF THESE ISSUES BUT WE BELIEVE BY TAKING THEM UP AT THIS STAGE WE STAND A GOOD CHANCE OF IMPROVING THE HUNGARIAN PERFORMANCE BEFORE EXPIRATION OF THE AIR AGREEMENT IN 1980.  
KAISER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, DIPLOMATIC NOTES, FEES, SUPPLEMENTAL AIRLINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BUDAPE02670  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780277-0472  
**Format:** TEL  
**From:** BUDAPEST  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780796/aaaadcyyw.tel  
**Line Count:** 126  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 23b17c7b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 155296, 78 BUDAPEST 2426, 78 BUDAPEST 2560, 78 STATE 136681  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2119151  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR - WORLD AIRWAYS CHARTER FLIGHTS  
**TAGS:** EAIR, HU, US, WORLD AIRWAYS  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/23b17c7b-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014